

AV Homes, Inc.
Form 424B3
April 24, 2015
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-202826

PROSPECTUS

\$200,000,000

AV HOMES, INC.

Exchange Offer for

\$200,000,000 aggregate principal amount of 8.500% Senior Notes due 2019 and Related Guarantees

(CUSIP Nos. 00234P AC6 and U0536W AA7)

for

\$200,000,000 aggregate principal amount of 8.500% Senior Notes due 2019 and Related Guarantees

(CUSIP No. 00234P AE2)

that have been registered under the Securities Act

We are offering to issue up to \$200,000,000 aggregate principal amount of our 8.500% Senior Notes due 2019, which will be guaranteed on a senior unsecured basis by certain of our existing and future direct and indirect subsidiaries (the exchange notes), which have been registered under the Securities Act of 1933, as amended (the Securities Act), in exchange for any and all of our \$200,000,000 aggregate principal amount of outstanding 8.500% Senior Notes due 2019 that were issued on June 30, 2014 (the outstanding notes). The term notes refers to both the exchange notes and the outstanding notes. We refer to the offer to exchange the exchange notes for the outstanding notes as the exchange offer in this prospectus. We are offering to exchange the outstanding notes for the exchange notes to satisfy our obligations in the registration rights agreement that was entered into when the outstanding notes were sold pursuant to Rule 144A and Regulation S under the Securities Act.

The Exchange Notes:

The terms of the registered exchange notes to be issued in the exchange offer are substantially identical to the terms of the outstanding notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the outstanding notes will not apply to the exchange notes.

We are offering the exchange notes pursuant to a registration rights agreement that we entered into in connection with the issuance of the outstanding notes.

The exchange notes will bear interest at the rate of 8.500% per annum, payable semi-annually in cash on January 1 and July 1 each year.

The exchange notes will be guaranteed on a senior unsecured basis by each of our subsidiaries that have guaranteed the outstanding notes.

Material Terms of the Exchange Offer:

The exchange offer expires at midnight, New York City time, on May 21, 2015, unless extended.

Upon expiration of the exchange offer, all outstanding notes that are validly tendered and not withdrawn will be exchanged for an equal principal amount of the exchange notes.

You may withdraw tendered outstanding notes at any time prior to the expiration of the exchange offer.

The exchange offer is not subject to any minimum tender condition, but is subject to customary conditions.

The exchange of the exchange notes for outstanding notes will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

There is no existing public market for the outstanding notes or the exchange notes. We do not intend to list the exchange notes on any securities exchange or quotation system.

See Risk Factors beginning on page 12 for a discussion of certain risks that you should consider before participating in the exchange offer.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act of 1933, as amended, in connection with any resale of such exchange notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such exchange notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that for a period of 180 days after the expiration of the exchange offer, we will make this prospectus available to any broker-dealer for use in any such resale. See Plan of Distribution on page 89.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated April 24, 2015

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You should rely only on the information incorporated by reference or presented in this prospectus. We have not authorized anyone else to provide you with different information. We are only offering these exchange notes in jurisdictions where the offer is permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date of this prospectus.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the Securities and Exchange Commission (the "SEC"). See "Where You Can Find More Information."

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ABOUT THIS PROSPECTUS

We and the subsidiary guarantors listed on Schedule A thereto as co-registrants have filed this registration statement on Form S-4 with the SEC to register the exchange offer contemplated in this prospectus. This prospectus is part of that registration statement. You should read this prospectus together with the additional information described under the heading **Where You Can Find More Information**.

You should rely only on the information contained in this prospectus and the documents incorporated by reference herein. We have not authorized anyone to provide you with any information or represent anything about us, our financial results or this offering that is not contained in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us. We are not making an offer to sell these exchange notes in any jurisdiction where the offer or sale is not permitted.

The information in this prospectus is applicable only as of the date on its cover, and may change after that date. The information in any document incorporated by reference in this prospectus is applicable only as of the date of any such document. For any time after the cover date of this prospectus, we do not represent our affairs are the same as described or the information in this prospectus is correct, nor do we imply those things by delivering this prospectus or issuing exchange notes to you.

When we refer to **AV Homes**, our company, **we**, **our**, or **us** in this prospectus, we mean AV Homes, Inc. and its subsidiaries, unless the context indicates otherwise. When we refer to **issuer**, we mean AV Homes, Inc., and not its subsidiaries. When we refer to **guarantors**, we mean our direct and indirect subsidiaries that will guarantee the exchange notes.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain parts of this prospectus and the documents incorporated by reference herein contain **forward-looking statements** within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: the cyclical nature of the homebuilding industry and its dependence on broader economic conditions; competition for home buyers, properties, financing, raw materials and skilled labor; overall market supply and demand for new homes; conflicts of interest involving our largest stockholder; contractual restrictions under a stockholders agreement with our largest stockholder; our ability to access sufficient capital; our ability to generate sufficient cash to service our indebtedness and potential need for additional financing; terms of our financing documents that may restrict our operations and corporate actions; fluctuations in interest rates; our ability to purchase outstanding notes upon certain fundamental changes; contingent liabilities that may affect our liquidity; development liabilities that may impose payment obligations on us; the availability of mortgage financing for home buyers; increased regulation of the mortgage industry; changes in federal lending programs and other regulations; cancellations of home sale orders; declines in home prices in our primary regions; inflation affecting homebuilding costs; the prices and supply of building materials and skilled labor; the availability and skill of subcontractors; elimination or reduction of tax benefits associated with home ownership; warrant and construction defect claims; health and safety incidents in homebuilding activities; availability and suitability of undeveloped land and improved lots; ability to develop communities within expected timeframes; the seasonal nature of our business; impacts of weather conditions and natural disasters; resource shortages and rate fluctuations; value and costs related to our land and lot inventory; our ability to recover our costs in the event of reduced home sales; dependence on our senior management; effect of our expansion efforts on our cash flows and profitability; effects of government regulation of

development and homebuilding projects; raising healthcare costs; our ability to realize our deferred income tax asset; costs of environmental compliance; impact of environmental changes; dependence on digital technologies and potential

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interruptions; and potential dilution related to future financing activities, all as are described in the discussion under **Risk Factors** in our Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof.

For more information about the risks, uncertainties and other factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the SEC, including the discussion under **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in this prospectus as anticipated, believed, estimated, expected, intended, planned or projected. Except as required by law, we neither intend nor assume any obligation to revise or update these forward-looking statements, which speak only as of their dates.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1 (800) SEC-0330 for further information on the operation of the Public Reference Room.

We incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Some information contained in this prospectus updates the information incorporated by reference, and information that we file subsequently with the SEC will automatically update this prospectus. In other words, in the case of a conflict or inconsistency between information set forth in this prospectus and/or information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later.

Any reports filed by us with the SEC after the date of this prospectus will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference into this prospectus. We incorporate by reference into this prospectus the following documents filed with the SEC (other than, in each case, documents or information deemed furnished and not filed in accordance with the SEC rules, including pursuant to Item 2.02 or Item 7.01 of Form 8 K, and no such information shall be deemed specifically incorporated by reference hereby):

our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 27, 2015;

our Proxy Statement for our 2015 annual meeting of stockholders, filed with the SEC on April 21, 2015;

our Current Reports on Form 8-K filed with the SEC on January 26, 2015 and February 4, 2015; and

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all documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and before the completion of the offering of the exchange notes.

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You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

S. Gary Shullaw

Executive Vice President and General Counsel

AV Homes, Inc.

8601 N. Scottsdale Rd., Suite 225

Scottsdale, Arizona 85253

(480) 214-7400

To ensure timely delivery, you must request this information no later than five business days before the expiration of the exchange offer.

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PROSPECTUS SUMMARY

The following summary contains information about our business and the exchange offer. It does not contain all information that may be important to you in making a decision to exchange outstanding notes for exchange notes. For a more complete understanding of our business and the offering of the notes, we urge you to read this entire prospectus carefully, including the Risk Factors, Cautionary Statement Regarding Forward-Looking Statements and Where You Can Find More Information sections and our financial statements incorporated by reference into this prospectus. All financial data provided in this prospectus are financial data of AV Homes and its consolidated subsidiaries unless otherwise disclosed.

Overview

We are a homebuilder engaged in the business of homebuilding and community development in Florida, Arizona, and North Carolina. Our business focuses on the development of (i) active adult communities, which are age-restricted or age-targeted to the age 55 and over active adult demographic, and (ii) primary residential communities, which serve first-time and move-up buyers, and the construction and sale of residences within these communities. As of December 31, 2014, we owned 3,505 developed residential lots, 2,853 partially developed residential lots, 9,572 undeveloped residential lots, and 7,220 acres of mixed use, commercial, and industrial land. We utilize our deep experience, strong operating platform, and land inventory to capitalize on the strengthening housing environment and favorable demographic trends within our core markets. We are publicly held and our common stock is traded on the NASDAQ Stock Market under the symbol AVHI.

Our performance in our core segments of active adult community development and primary residential community development has improved for the year ended December 31, 2014 as compared to prior years. As the homebuilding market continues to recover from the industry downturn, we have expanded our market presence and significantly increased the number of homes we have sold. During the year ended December 31, 2014, we closed on 953 homes at an average sales price of approximately \$255,000 per closed home, generating approximately \$243 million of revenue, as compared to the year ended December 31, 2013, in which we closed on 481 homes at an average sales price of approximately \$238,000 per closed home, generating approximately \$114 million of revenue. The number of housing contracts (net of cancellations) signed in 2014 increased 115% compared to 2013, and at December 31, 2014, we had 331 homes in backlog with a sales value of approximately \$85.8 million compared to 167 homes in backlog with a sales value of approximately \$39.9 million at December 31, 2013.

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The Issuer and the Guarantors

The chart below illustrates our corporate structure and is provided for illustrative purposes only and does not purport to represent all legal entities owned or controlled by us. Certain of our wholly-owned direct and indirect subsidiaries guarantee the notes. See Description of the Notes The Subsidiary Guarantees.

- (1) We entered into our revolving credit facility on April 7, 2014. Our revolving credit facility includes revolving credit and letter of credit facilities in an aggregate principal amount of up to \$105.0 million, with an accordion feature that allows us, with the consent of the lenders, to increase the aggregate amount to \$175.0 million. As of December 31, 2014, we had no borrowings outstanding and availability, based on our borrowing base, of \$82.4 million.
- (2) Each of our existing and future domestic subsidiaries that becomes a borrower under our revolving credit facility or that guarantees obligations under our revolving credit facility or our other indebtedness or indebtedness of the subsidiary guarantors will guarantee the notes offered hereby. As of the issue date, all of our restricted subsidiaries will be subsidiary guarantors under the indenture governing the notes.
- (3) For the year ended December 31, 2014, our non-guarantor subsidiaries as of December 31, 2014 represented less than 1% of our total revenues. As of December 31, 2014, our non-guarantor subsidiaries represented less than 1% of our total assets and our total liabilities. As of the issue date of the notes offered hereby, all of our non-guarantor subsidiaries will be unrestricted subsidiaries under the indenture governing the notes and will not be subject to the covenants under the indenture.

Corporate Information

AV Homes, Inc. was incorporated in the State of Delaware in 1970. Our principal executive offices are located at 8601 N. Scottsdale Rd., Suite 225, Scottsdale, Arizona 85253, and our telephone number is (480) 214-7400.

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The Exchange Notes

The terms of the exchange notes are substantially identical to the outstanding notes, except the transfer restrictions, registration rights and additional interest provisions applicable to the outstanding notes will not apply to the exchange notes. The following is a summary of the principal terms of the exchange notes. A more detailed description is contained in the section "Description of the Notes" in this prospectus.

Issuer:	AV Homes, Inc.
Notes Offered:	\$200,000,000 aggregate principal amount of 8.500% Senior Notes due 2019.
Maturity Date:	July 1, 2019.
Interest Rate:	8.500% per year.
Interest Payment Dates:	Interest on the exchange notes is payable semi-annually on January 1 and July 1 of each year. Interest will accrue from and including the most recent date on which interest has been paid on the outstanding notes.
Guarantees:	<p>The exchange notes will be guaranteed on a senior unsecured basis by each of our existing and future domestic subsidiaries that becomes a borrower under our revolving credit facility or that guarantees obligations under revolving credit facility or our other indebtedness or indebtedness of the subsidiary guarantors. Under certain circumstances, subsidiary guarantors may be released from their note guarantees without the consent of the holders of notes. See "Description of the Notes" The Subsidiary Guarantees.</p> <p>For the year ended December 31, 2014, our non-guarantor subsidiaries as of December 31, 2014 represented less than 1% of our total revenues.</p> <p>As of December 31, 2014, our non-guarantor subsidiaries represented less than 1% of our total assets and our total liabilities.</p> <p>As of the issue date, all of our non-guarantor subsidiaries will be unrestricted subsidiaries under the indenture governing the notes. Our unrestricted subsidiaries will not be subject to the covenants of the</p>

indenture and will not be required to guarantee the exchange notes.

Optional Redemption:

The exchange notes will be redeemable at our option, in whole or in part, at any time on or after July 1, 2016, at the redemption prices set forth in this prospectus, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption.

At any time prior to July 1, 2016, we may redeem up to 35% of the original principal amount of the exchange notes with the proceeds of certain equity offerings at a redemption price of 108.50% of the principal amount of the notes, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption.

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At any time prior to July 1, 2016, we may also redeem some or all of the notes at a price equal to 100% of the principal amount of the exchange notes, plus a make-whole premium, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption.

See Description of the Notes Optional Redemption.

Change of Control:

Upon the occurrence of specific kinds of changes of control, you will have the right, as holders of the exchange notes, to cause us to repurchase some or all of your notes at 101% of their face amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See Description of the Notes Certain Covenants Change of Control.

Asset Disposition Offer:

If we or any of our restricted subsidiaries sell assets, under certain circumstances, we will be required to use the net proceeds to make an offer to purchase exchange notes at an offer price in cash in an amount equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See Description of the Notes Certain Covenants Limitations on Asset Sales.

Ranking:

The exchange notes and the note guarantees will be our and the subsidiary guarantors senior unsecured obligations and will:

rank senior in right of payment to any of our and the subsidiary guarantors future subordinated indebtedness;

rank equally in right of payment with all of our and the subsidiary guarantors existing and future senior indebtedness;

be effectively subordinated to any of our and the subsidiary guarantors existing and future secured debt, to the extent of the value of the assets securing such debt; and

be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the exchange notes.

We entered into our revolving credit facility on April 7, 2014. Our revolving credit facility includes revolving credit and letter of credit

facilities in an aggregate principal amount of up to \$105.0 million, with an accordion feature that allows us, with the consent of the lenders, to increase the aggregate amount to \$175.0 million. As of December 31, 2014, we had no borrowings outstanding and availability, based on our borrowing base, of \$82.4 million. Availability would continue to be subject to the borrowing base.

As of December 31, 2014, we had approximately \$300.0 million of total indebtedness (including the notes offered hereby).

The liabilities of our non-guarantor subsidiaries, which represented less than 1% of our total liabilities as of December 31, 2014, will be structurally senior to the notes offered hereby.

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Covenants:

The indenture governing the exchange notes contains covenants that, among other things, limits our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness and guarantee indebtedness;

pay dividends or make other distributions or repurchase or redeem our capital stock;

prepay, redeem or repurchase certain debt;

issue certain preferred stock or similar equity securities;

make loans and investments;

sell assets;

incur liens;

enter into transactions with affiliates;

alter the business we conduct;

enter into agreements restricting our subsidiaries' ability to pay dividends; and

consolidate, merge or sell all or substantially all of our assets.

These covenants will be subject to a number of important exceptions and qualifications. See Description of the Notes.

Use of Proceeds:

We will not receive any cash proceeds from issuance of the exchange notes offered by this prospectus.

Risk Factors:

Investment in the exchange notes involves certain risks. You should carefully consider the information under **Risk Factors** and all other information included in this prospectus before investing in the exchange notes.

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The Exchange Offer

The summary below describes the principal terms and conditions of the exchange offer. Certain of these terms and conditions are subject to important limitations and exceptions. The section of this prospectus entitled "Description of the Notes" contains a more detailed description of the terms and conditions.

General:

In connection with a private placement, we entered into a registration rights agreement with the purchasers of the outstanding notes in which we agreed, among other things, to use our reasonable best efforts to cause the exchange offer described in this prospectus to be consummated. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except:

the offer and sale of the exchange notes will have been registered under the Securities Act;

the exchange notes are not entitled to any registration rights that are applicable to the outstanding notes under the registration rights agreement; and

the provisions of the registration rights agreement that provide for payment of additional amounts upon a registration default are no longer applicable.

The Exchange Offer:

We are offering to exchange up to \$200,000,000 aggregate principal amount of our 8.500% Senior Notes due 2019 and related guarantees, the offer and sale of which have been registered under the Securities Act, for any and all of our outstanding 8.500% Senior Notes due 2019 and the related guarantees.

Outstanding notes may be exchanged only in denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

Subject to the satisfaction or waiver of specified conditions, we will exchange the exchange notes for all outstanding notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer. We will cause the exchange to be effected promptly after the expiration of the exchange offer.

Resale:

We believe the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

you are not an affiliate of ours;

the exchange notes you receive pursuant to the exchange offer are being acquired in the ordinary course of your business;

you have no arrangement or understanding with any person to participate in the distribution of the exchange notes issued to you in the exchange offer;

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if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, a distribution of the exchange notes issued in the exchange offer; and

if you are a broker-dealer, you will receive the exchange notes for your own account, the outstanding notes were acquired by you as a result of market-making or other trading activities, and you will deliver a prospectus when you resell or transfer any exchange notes issued in the exchange offer. See [Plan of Distribution](#) for a description of the prospectus delivery obligations of broker dealers in the exchange offer.

If you do not meet these requirements, your resale of the exchange notes must comply with the registration and prospectus delivery requirements of the Securities Act.

Our belief is based on interpretations by the SEC staff, as set forth in no-action letters issued to third parties. The SEC staff has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the SEC staff would make a similar determination with respect to this exchange offer.

If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities laws. We do not and will not assume, or indemnify you against, this liability.

See [The Exchange Offer Consequences of Exchanging Outstanding Notes](#).

Expiration Date:

The exchange offer expires at midnight, New York City time, on May 21, 2015, unless the exchange offer is extended. See [The Exchange Offer Terms of the Exchange Offer; Expiration Time](#).

Withdrawal Rights:

You may withdraw your tender of outstanding notes at any time prior to the expiration time by delivering a notice of withdrawal to the exchange agent in conformity with the procedures discussed under [The Exchange Offer Withdrawal Rights](#). We will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.

Interest on the Exchange Notes and the Outstanding Notes:

Each exchange note bears interest at the rate of 8.500% per year from the most recent date on which interest has been paid on the notes or, if no interest has been paid, from and including January 1, 2015. The first interest payment date shall be July 1, 2015. The interest on the notes is payable semiannually on January 1 and July 1 each year. No interest will be paid on outstanding notes following their acceptance for exchange.

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Conditions to the Exchange Offer: The exchange offer is subject to customary conditions, some of which we may waive in our sole discretion. See The Exchange Offer Conditions to the Exchange Offer. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered for exchange.

Procedures for Tendering Outstanding Notes: If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.

If you hold outstanding notes through The Depository Trust Company (DTC) and wish to participate in the exchange offer, you must comply with the procedures under DTC s Automated Tender Offer Program by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things:

you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;

you are not an affiliate of ours or of any guarantor within the meaning of Rule 405 under the Securities Act;

you are not engaged in, and do not intend to engage in, a distribution of the exchange notes;

you are acquiring the exchange notes in the ordinary course of your business; and

if you are a broker-dealer that receives exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities, that you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes.

Special Procedures for Beneficial Owners: If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender those outstanding notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

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Guaranteed Delivery Procedures:	If you wish to tender your outstanding notes and your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents, or you cannot comply with the procedures under DTC's Automated Tender Offer Program for transfer of book-entry interests, prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures described under "The Exchange Offer" Guaranteed Delivery Procedures.
Acceptance of Outstanding Notes and Delivery of Exchange Notes:	Upon consummation of the exchange offer, we will accept any and all outstanding notes that are properly tendered in the exchange offer and not withdrawn prior to the expiration time. The exchange notes issued pursuant to the exchange offer will be delivered promptly following the expiration time. See "The Exchange Offer" Terms of the Exchange Offer; Expiration Time.
Consequences of Failure to Exchange Your Outstanding Notes:	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture under which the outstanding notes were issued. In general, the outstanding notes may not be offered or sold, except in a transaction that is registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not anticipate that we will register the offer and sale of the outstanding notes under the Securities Act.
Certain Federal Income Tax Considerations:	The exchange of your outstanding notes for exchange notes will not be a taxable exchange for United States federal income tax purposes. You should consult your own tax advisor as to the tax consequences to you of the exchange offer, as well as tax consequences of the ownership and disposition of the exchange notes. For additional information, see "Certain Material U.S. Federal Income Tax Considerations."
Use of Proceeds:	We will not receive any cash proceeds from the issuance of exchange notes in the exchange offer. See "Use of Proceeds."
Exchange Agent:	The exchange agent for the exchange offer is Wilmington Trust, National Association. For additional information, see "The Exchange Offer" Exchange Agent and the accompanying letter of transmittal.

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Set forth below is our summary historical consolidated financial and other information. The balance sheet information as of December 31, 2012, 2013 and 2014 and the statement of operations information for each of the years ended December 31, 2012, 2013 and 2014 have been derived from the audited consolidated financial statements incorporated by reference into this prospectus. Our historical results are not necessarily indicative of the results expected for any future periods.

(Dollars in thousands)	Years ended December 31,		
	2012	2013	2014
Statement of operations data:			
Revenues:			
Real estate revenues			
Homebuilding and amenity	\$ 78,968	\$ 124,651	\$ 253,258
Land sales	26,595	16,303	32,596
Other real estate	598	528	59
Total real estate revenues	106,161	141,482	285,913
Expenses:			
Real estate expenses:			
Homebuilding and amenity	86,261	121,753	243,065
Land sales	18,581	8,111	22,003
Other real estate	6,279	3,450	1,133
Total real estate expenses	111,121	133,314	266,201
Impairment charges, net	59,043	(248)	
Loss on extinguishment of debt	1,144		
General and administrative expenses	16,148	15,975	15,941
Interest income and other	(1,326)	(2,218)	(447)
Interest expense	7,973	2,830	5,805
Total expenses	194,103	149,653	287,500
Equity in earnings (loss) from unconsolidated entities	259	(101)	(16)
Loss before income taxes	(87,683)	(8,272)	(1,603)
Income tax (expense)			
Net loss and comprehensive loss	(87,683)	(8,272)	(1,603)
Net income attributable to non-controlling interests	2,552	1,205	329
Net loss and comprehensive loss attributable to AV Homes stockholders	\$ (90,235)	\$ (9,477)	\$ (1,932)
Other Operating Data			
Ratio of earnings to fixed charges (coverage deficiency)	\$ (88,186)	\$ (13,488)	\$ (9,612)
Cash flow data:			
Net cash used in operating activities	\$ (48,313)	\$ (62,437)	\$ (81,409)
Net cash used in investing activities	(4,387)	(1,134)	(68,098)

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Net cash from financing activities	8,199	128,483	185,114
Increase (decrease) in cash	\$ (44,501)	\$ 64,912	\$ 35,607
Balance sheet data:			
Cash and cash equivalents	\$ 79,815	\$ 144,727	\$ 180,334
Total assets	337,871	466,728	668,886
Notes payable	105,402	105,402	299,956
Total liabilities	157,995	164,994	382,146
Total AV Homes stockholders' equity(1)	166,172	286,101	286,740

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- (1) These figures exclude cumulative non-controlling interests, which are classified in consolidated equity in accordance with authoritative accounting guidance. These non-controlling interests represent our partners' equity in limited liability companies which we consolidate for financial reporting purposes.
- (2) For purposes of computing the ratio of earnings to fixed charges (coverage deficiency), earnings means the sum of (a) pre-tax income from continuing operations and (b) fixed charges. Fixed charges means the sum of (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) portion of rent expense considered to be interest, and (d) preference security dividend requirements of consolidated subsidiaries.

Table of Contents**RISK FACTORS**

*In this section, we describe risks relating to our capital structure, the exchange notes and the exchange offer. In addition to the other information in this prospectus, you should carefully consider the following risks before deciding to exchange your outstanding notes for exchange notes. Investors considering investing in the exchange notes should also read the description of risks relating to our business included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 and in our subsequent filings with the SEC that are incorporated by reference into this prospectus. If any of these risks actually occur, our business, prospects, liquidity, financial condition or operating results could be materially adversely affected, which, in turn, could adversely affect our ability to pay interest or principal on the exchange notes or otherwise fulfill our obligations under the indenture. In addition, please read *Cautionary Statement Concerning Forward-Looking Statements* in this prospectus, where we describe additional uncertainties associated with our business and the forward-looking statements included in this prospectus.*

Risk Factors Related to an Investment in the Exchange Notes

Our business is capital-intensive and requires access to sufficient capital.

Our business is capital-intensive and requires significant up-front expenditures to acquire land and begin development. We must make significant capital expenditures to commence development of a community and bear the costs of the development until we sell the homes. Accordingly, our ability to access capital is a key factor in our ability to service our indebtedness, cover our operating expenses and fund our other liquidity needs. We expect to seek additional capital from time to time from a variety of sources, including bank financings and/or securities offerings, to cover our liquidity needs and grow our business. Deterioration in our creditworthiness would require significant management time and effort in addition to management's primary task of running our homebuilding business and make it difficult and costly for us to access debt capital or engage in other ordinary course financing transactions, including the provision of credit support to community infrastructure financing transactions relating to our new developments. Any difficulty in obtaining sufficient capital for planned development expenditures could cause project delays and any such delay could result in cost increases and may adversely affect our sales and future results of operations and cash flows.

In addition, we use letters of credit and surety bonds to secure our performance under various construction and land development agreements, escrow agreements, financial guarantees and other arrangements. As a result of the deterioration in market conditions, surety providers have become increasingly reluctant to issue new bonds and some providers are requesting credit enhancements in order to maintain existing bonds or to issue new bonds. Should our future performance or economic conditions continue to make such letters of credit and surety bonds costly or difficult to obtain or lead to us being required to collateralize such instruments to a greater extent than previously, our business and financial results could be adversely affected.

Each indenture governing the notes, our 7.50% Notes and our 7.50% Exchange Notes contains, and any future indebtedness may contain, financial and operating restrictions that may affect our ability to operate our business.

Each indenture governing the notes, the 7.50% Senior Convertible Notes due 2016 (the "7.50% Notes") and the 7.50% Senior Exchange Convertible Notes due 2016 (the "7.50% Exchange Notes" and, together with the 7.50% Notes, the "Existing Notes"), contain various covenants that, among other things, limit our ability to merge or sell assets. In addition, the agreements governing any future indebtedness may contain restrictions on our ability to incur indebtedness, grant certain liens to support indebtedness, enter into certain affiliate transactions and make certain distributions. These covenants could adversely affect our ability to finance our future operations or capital needs, engage in, expand or pursue our business activities and prevent us from engaging in certain transactions that might

otherwise be considered beneficial to us. In particular, any future restrictions on our ability to incur additional indebtedness may limit our ability to undertake new large scale master-planned development opportunities, and may thereby adversely affect our future growth and results of operations.

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The agreements governing our debt impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and taking some corporate actions.

The agreements governing our debt impose significant operating and financial restrictions. These restrictions limit our ability, among other things, to:

incur or guarantee additional indebtedness or issue certain equity interests;

pay dividends or distributions, repurchase equity or prepay subordinated debt;

make certain investments;

sell assets;

incur liens;

create certain restrictions on the ability of restricted subsidiaries to transfer assets;

enter into transactions with affiliates;

create unrestricted subsidiaries; and

consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing our revolving credit facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the indentures governing the Existing Notes or under the credit agreement governing our revolving credit facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our revolving credit facility would permit the lenders under our revolving credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our revolving credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

limited in how we conduct our business;

unable to raise additional debt or equity financing to operate during general economic or business downturns; or

unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

In addition, we may in the future enter into other agreements refinancing or otherwise governing indebtedness which impose yet additional restrictions and covenants, including covenants limiting our ability to incur additional debt, make certain investments, reduce liquidity below certain levels, make distributions to our stockholders and otherwise affect our operating policies. These restrictions may adversely affect our ability to finance future operations or capital needs or to pursue available business opportunities. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness.

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A breach of the covenants under the indentures governing our notes or any of the agreements governing our indebtedness could result in an event of default under the indentures governing our notes or other such agreements.

A default under each indenture governing the exchange notes offered hereby, our outstanding notes, 7.50% Notes and 7.50% Exchange Notes, our Revolving Credit Facility or other agreements governing our indebtedness may allow our creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing the Revolving Credit Facility would permit the lenders thereunder to terminate all commitments to extend further credit under the Revolving Credit Facility. Furthermore, if we were unable to repay the amounts due and payable under our Revolving Credit Facility or other future secured credit facilities, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or the holders of our notes accelerate the repayment of our borrowings, we cannot assure that we and our subsidiaries would have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be:

limited in how we conduct our business;

unable to raise additional debt or equity financing to operate during general economic or business downturns; or

unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

Potential future downgrades of our credit ratings could adversely affect our access to capital and could otherwise have a material adverse effect on us.

Over the past few years, rating agencies have downgraded our corporate credit rating due to the deterioration in our homebuilding operations, credit metrics and other earnings-based metrics, as well as our high leverage and a significant decrease in our tangible net worth. These ratings and our current credit condition affect, among other things, our ability to access new capital, especially debt, and negative changes in these ratings may result in more stringent covenants and higher interest rates under the terms of any new debt. Our credit ratings could be further downgraded or rating agencies could issue adverse commentaries in the future, which could have a material adverse effect on our business, results of operations, financial condition and liquidity. In particular, a weakening of our financial condition, including a significant increase in our leverage or decrease in our profitability or cash flows, could adversely affect our ability to obtain necessary funds, result in a credit rating downgrade or change in outlook, or otherwise increase our cost of borrowing.

We may not have access to other capital resources to fund our liquidity needs.

There is no assurance that cash generated from our operations, proceeds raised in capital markets transactions, or borrowings incurred under our credit agreements will be sufficient to finance our capital projects or otherwise fund our liquidity needs. If our future cash flows from operations and other capital resources are insufficient to finance our capital projects or otherwise fund our liquidity needs, we may be forced to:

reduce or delay our business activities and capital expenditures;

sell assets;

obtain additional debt or equity capital; or

restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

These alternative measures may not be successful and we may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the notes and our credit agreements, will limit our ability to pursue these alternatives.

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The exchange notes are not secured by our assets, or the assets of the guarantors, and our secured creditors will be entitled to remedies available to a secured creditor, which give them priority over you to collect amounts due to them.

The exchange notes and the related guarantees will not be secured by any of our assets or any of the assets of the guarantors. Our obligations under our Revolving Credit Facility are secured by a pledge of all equity interests held by the guarantors thereof. We have also entered into various other project-level financing facilities for certain construction projects and land acquisitions, and our obligations thereunder are secured by the underlying projects or land, as applicable and the terms of the indenture governing the exchange notes offered hereby and the indentures governing our 7.50% Notes and 7.50% Exchange Notes permit us to incur additional secured debt.

Because the exchange notes and the related guarantees will be unsecured obligations, your right of repayment may be compromised if any of the following situations occur:

we enter into a bankruptcy, liquidation, reorganization or any other winding-up proceeding;

there is a default in payment under our Revolving Credit Facility or our other existing or future secured indebtedness; or

there is an acceleration of any indebtedness under our Revolving Credit Facility or our other existing and future secured indebtedness.

If any of these events occurs, the secured lenders could sell those of our and our guarantors' assets in which they have been granted a security interest, to your exclusion, even if an event of default exists under the Indenture at such time. Only when our obligations, if any, under the credit agreement governing our Revolving Credit Facility and any agreements governing other existing and future secured debt are satisfied in full will the proceeds of the collateral securing such indebtedness be available, subject to other permitted liens, to satisfy obligations under the notes and guarantees. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the notes and the note guarantees.

Fraudulent transfer and other laws may permit a court to void the issuance of the exchange notes and the note guarantees, and if that occurs, you may not receive any payments on the note guarantees.

The issuance of the exchange notes and the note guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. While the relevant laws may vary from state to state, the incurrance of the obligations in respect of the exchange notes and the note guarantees, and the granting of the security interests in respect thereof, will generally be a fraudulent conveyance if (1) the consideration was paid with the intent of hindering, delaying or defrauding creditors or (2) we or any of our guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing either the notes or a note guarantee, and, in the case of (2) only, one of the following is also true:

we or any of the guarantors were or was insolvent or rendered insolvent by reason of issuing the notes or the note guarantees;

payment of the consideration left us or any of the guarantors with an unreasonably small amount of capital to carry on the business; or

we or any of our guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature. If a court were to find that the issuance of the exchange notes or a note guarantee was a fraudulent conveyance, the court could void the payment obligations under the notes or such note guarantee or further subordinate the notes or such note guarantee to presently existing and future indebtedness of ours or such guarantor, require the holders of the exchange notes to repay any amounts received with respect to the exchange notes or such note guarantee or void or otherwise

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decline to enforce the security interests and related security agreements in respect thereof. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our other debt and that of the guarantors that could result in acceleration of such debt.

The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time, or regardless of the standard used, that the issuance of the exchange notes and the note guarantees would not be subordinated to our or any guarantor's other debt. If the note guarantees were legally challenged, any note guarantee could also be subject to the claim that, since the note guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable subsidiary guarantor were incurred for less than fair consideration. Therefore, a court could void the obligations under the note guarantees, subordinate them to the applicable guarantor's other debt or take other action detrimental to the holders of the notes. In addition, a recent bankruptcy court decision in Florida questioned the validity of a customary savings clause in a note guarantee.

The exchange notes are structurally subordinated to all liabilities of our non-guarantor subsidiaries.

The exchange notes are structurally subordinated to indebtedness and other liabilities of our subsidiaries that are not guarantors of the exchange notes. In the event of a bankruptcy, insolvency, liquidation, dissolution or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us.

The indenture governing the exchange notes offered hereby and the outstanding notes, the indentures governing our 7.50% Notes and 7.50% Exchange Notes and our other debt agreements allow our non-guarantor subsidiaries to incur additional debt, all of which would be structurally senior to the notes and the note guarantees to the extent of the assets of those non-guarantor subsidiaries. As of December 31, 2014, our non-guarantor subsidiaries had approximately \$0.9 million of outstanding liabilities, which would rank effectively senior to the exchange notes offered hereby, with respect to the assets of such non-guarantor subsidiaries. The holders of the exchange notes are structurally subordinated to creditors of the non-guarantors and are subject to the foregoing risks concerning the amount of such structural subordination, among others.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the exchange notes.

The exchange notes are new issues of securities for which there is no established public market. We do not intend to have the exchange notes listed on a national securities exchange or to arrange for quotation on any automated dealer quotation systems. Therefore, we cannot assure you as to the development or liquidity of any

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trading market for the exchange notes. The liquidity of any market for the exchange notes will depend on a number of factors, including:

the number of holders of exchange notes;

our operating performance and financial condition;

the market for similar securities;

the interest of securities dealers in making a market in the exchange notes; and

prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. We cannot assure you that the market, if any, for the exchange notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your exchange notes. Therefore, we cannot assure you that you will be able to sell your exchange notes at a particular time or the price that you receive when you sell will be favorable.

We may be unable to repurchase the exchange notes upon a change of control as required by the Indenture.

Upon the occurrence of certain specific kinds of change of control events, we must offer to repurchase the exchange notes at 101% of their principal amount, plus accrued and unpaid interest thereon. In such circumstances, we cannot assure you that we would have sufficient funds available to repay all of our indebtedness that would become payable upon a change of control and to repurchase all of the exchange notes. Our failure to purchase the exchange notes would be a default under the Indenture.

Risks Relating to the Exchange Offer

Your outstanding notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your outstanding notes will continue to be subject to existing transfer restrictions and you may not be able to sell them freely.

We will not accept your outstanding notes for exchange if you do not follow the proper exchange offer procedures. We will issue exchange notes as part of the exchange offer only after a timely receipt of your outstanding notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your outstanding notes, please allow sufficient time to ensure timely delivery. If we do not receive your outstanding notes, letter of transmittal and other required documents (or permitted equivalents thereof) by the expiration date of the exchange offer, we will not accept your outstanding notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange. If there are defects or irregularities with respect to your tender of outstanding notes, we may not accept your outstanding notes for exchange. For more information, see [The Exchange Offer Procedures for Tendering Outstanding Notes](#).

You must comply with the exchange offers procedures in order to receive new, freely tradable exchange notes.

Delivery of exchange notes in exchange for outstanding notes tendered and accepted for exchange pursuant to the exchange offers will be made only after timely receipt by the exchange agent of the following:

certificates for outstanding notes or a book-entry confirmation of a book-entry transfer of outstanding notes into the exchange agent's account at DTC, New York, New York, as a depository, including an agent's message if the tendering holder does not deliver a letter of transmittal;

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a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message in lieu of the letter of transmittal; and

any other documents required by the letter of transmittal.

Therefore, holders of outstanding notes who would like to tender outstanding notes in exchange for exchange notes should make sure to allow enough time for the outstanding notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of outstanding notes for exchange. Outstanding notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act, and, upon consummation of the exchange offers, certain registration and other rights under the registration rights agreements will terminate. See [The Exchange Offer Procedures for Tendering Outstanding Notes](#) and [The Exchange Offer Consequences of Failure to Exchange Outstanding Notes](#).

Some holders who exchange their outstanding notes may be deemed to be underwriters.

If you exchange your outstanding notes in the exchange offers for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes, we will receive outstanding notes in like original principal amount at maturity. All outstanding notes received in the exchange offer will be cancelled. Because we are exchanging the exchange notes for the outstanding notes, which have substantially identical terms, the issuance of the exchange notes will not result in any increase in indebtedness. The exchange offer is intended to satisfy our obligations under the registration rights agreement executed in connection with the sale of the outstanding notes.

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The following sets forth the Company's cash and cash equivalents and capitalization at December 31, 2014 and 2013. You should read this table in conjunction with Selected Historical Consolidated Financial and Other Information included elsewhere in this prospectus, the Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2014 and our consolidated financial statements incorporated by reference into this prospectus.

	December 31,	
	2014	2013
	(In millions)	
Cash and cash equivalents, restricted cash and investments	\$ 196.8	\$ 148.7
Debt:		
7.50% Senior Convertible Notes due 2016	\$ 55.5	\$ 55.5
7.50% Senior Exchange Convertible Notes due 2016	44.5	44.5
8.500% Senior Notes due 2019	200.0	
Senior Secured Credit Facility		
Other debt		5.4
Total debt	300.0	105.4
Total equity	286.7	286.1
Total capitalization	\$ 586.7	\$ 391.5

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The following table sets forth our selected historical consolidated financial data at and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010. The selected historical consolidated financial data for the years ended December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The selected historical consolidated financial data for the years ended December 31, 2011 and 2010 are derived from our audited consolidated financial statements and related notes not included herein. The following selected historical consolidated financial and other information should be read in conjunction with Capitalization included elsewhere in this prospectus, the Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2014 and with our consolidated financial statements incorporated by reference into this prospectus.

(Dollars in thousands)	Years ended December 31,				
	2010	2011	2012	2013	2014
Statement of operations data:					
Revenues:					
Real estate revenues	\$ 57,259	\$ 87,583	\$ 106,161	\$ 141,482	\$ 285,913
Expenses:					
Real estate expenses	68,220	101,500	111,121	133,314	266,201
Impairment charges, net	660	129,947	59,043	(248)	
Loss on extinguishment of debt		211	1,144		
General and administrative expenses	20,508	17,502	16,148	15,975	15,941
Change in fair value of contingent consideration		(4,388)			
Interest income and other	(1,879)	(1,399)	(1,326)	(2,218)	(447)
Interest expense	5,531	9,516	7,973	2,830	5,805
Total expenses	93,040	252,889	194,103	149,653	287,500
Equity in earnings (loss) from unconsolidated entities	(276)	(398)	259	(101)	(16)
Loss before income taxes	(36,057)	(165,704)	(87,683)	(8,272)	(1,603)
Income tax benefit (expense)	375	(473)			
Net loss and comprehensive loss	(35,682)	(166,177)	(87,683)	(8,272)	(1,603)
Net (loss) income attributable to non-controlling interests in consolidated entities	(574)	(296)	2,552	1,205	329
Net loss and comprehensive loss attributable to AV Homes stockholders	\$ (35,108)	\$ (165,881)	\$ (90,235)	\$ (9,477)	\$ (1,932)
Other Operating Data					
Ratio of earnings to fixed charges (coverage deficiency)(1)	\$ (35,202)	\$ (165,002)	\$ (88,186)	\$ (13,488)	\$ (9,612)
Cash flow data:					
Net cash used in operating activities	\$ (10,438)	\$ (17,357)	\$ (48,313)	\$ (62,437)	\$ (81,409)

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Net cash (used in) from investing activities	(33,422)	3,173	(4,387)	(1,134)	(68,098)
Net cash from (used in) financing activities	(57,770)	23,209	8,199	128,483	185,114
Increase (decrease) in cash	\$ (101,630)	\$ 9,025	\$ (44,501)	\$ 64,912	\$ 35,607

Balance sheet data:

Cash and cash equivalents	\$ 115,502	\$ 124,316	\$ 79,815	\$ 144,727	\$ 180,334
Total assets	545,451	409,056	337,871	466,728	668,886
Notes payable	77,057	105,402	105,402	105,402	299,956
Total liabilities	126,517	154,410	157,995	164,994	382,146
Total AV Homes stockholders equity(2)	418,490	254,197	166,172	286,101	286,740

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- (1) For purposes of computing the ratio of earnings to fixed charges (coverage deficiency), earnings means the sum of (a) pre-tax income from continuing operations and (b) fixed charges. Fixed charges means the sum of (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) portion of rent expense considered to be interest, and (d) preference security dividend requirements of consolidated subsidiaries.
- (2) These figures exclude cumulative non-controlling interests, which are classified in consolidated equity in accordance with authoritative accounting guidance. These non-controlling interests represent our partners' equity in limited liability companies which we consolidate for financial reporting purposes.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

This exchange offer is being made pursuant to the registration rights agreement we entered into with the initial purchasers of the outstanding notes on June 30, 2014. The summary of the registration rights agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the registration rights agreement. A copy of the registration rights agreement is filed as an exhibit to the registration statement of which this prospectus forms a part. Each broker-dealer receiving exchange notes for its own account in exchange for outstanding notes, where such exchange notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Consequences of Exchanging Outstanding Notes

We have not requested, and do not intend to request, an interpretation by the SEC staff as to whether the exchange notes issued in the exchange offer may be offered for sale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. However, based on interpretations of the SEC staff, as set forth in a series of no-action letters issued to third parties, we believe that the exchange notes may be offered for resale, resold or otherwise transferred by holders of those exchange notes without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

the holder is not an affiliate of ours within the meaning of Rule 405 promulgated under the Securities Act;

the exchange notes issued in the exchange offer are acquired in the ordinary course of the holder's business;

neither the holder, nor, to the actual knowledge of such holder, any other person receiving exchange notes from such holder, has any arrangement or understanding with any person to participate in the distribution of the exchange notes issued in the exchange offer;

if the holder is not a broker-dealer, the holder is not engaged in, and does not intend to engage in, a distribution of the exchange notes;

if such a holder is a broker-dealer, such broker-dealer will receive the exchange notes for its own account in exchange for outstanding notes;

such outstanding notes were acquired by such broker-dealer as a result of market-making or other trading activities; and

it will deliver a prospectus meeting the requirements of the Securities Act in connection with the resale of exchange notes issued in the exchange offer, and will comply with the applicable provisions of the Securities Act with respect to resale of any exchange notes. (In no-action letters issued to third parties, the SEC has taken the position that broker-dealers may fulfill their prospectus delivery requirements with respect to exchange notes (other than a resale of an unsold allotment from the original sale of outstanding notes) by delivery of the prospectus relating to the exchange offer). See [Plan of Distribution](#) for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Each holder participating in the exchange offer will be required to furnish us with a written representation in the letter of transmittal that they meet each of these conditions and agree to these terms.

However, because the SEC has not considered the exchange offer for our outstanding notes in the context of a no-action letter, we cannot guarantee that the SEC staff would make similar determinations with respect to this

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exchange offer. If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities laws. We do not and will not assume, or indemnify you against, this liability.

Any holder that is an affiliate of ours or that tenders outstanding notes in the exchange offer for the purpose of participating in a distribution:

may not rely on the applicable interpretation of the SEC staff's position contained in Exxon Capital Holdings Corp., SEC No-Action Letter (April 13, 1988), Morgan, Stanley & Co., Inc., SEC No-Action Letter (June 5, 1991) and Shearman & Sterling, SEC No-Action Letter (July 2, 1993); and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

The exchange notes issued in the exchange offer may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification is available and complied with by the holders selling the exchange notes. We currently do not intend to register or qualify the sale of the exchange notes in any state where we would not otherwise be required to qualify.

Terms of the Exchange Offer; Expiration Time

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Subject to the terms and conditions in this prospectus and the letter of transmittal, we will accept for exchange outstanding notes that are validly tendered at or before the expiration time and are not validly withdrawn as permitted below. The expiration time for the exchange offer is midnight, New York City time, on May 21, 2015 or such later date and time to which we, in our sole discretion, extend the exchange offer.

We expressly reserve the right, in our sole discretion:

to extend the expiration time;

if any of the conditions set forth below under "Conditions to the Exchange Offer" has not been satisfied, to terminate the exchange offer and not accept any outstanding notes for exchange; and

to amend the exchange offer in any manner.

We will give written notice of any extension, delay, non-acceptance, termination or amendment as promptly as practicable by a public announcement, and in the case of an extension, no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration time. For a material change in the exchange offer, including the waiver of a material condition, we will extend the offer period if necessary so at least five business days remain in the exchange offer following notice of the material change.

During an extension, all outstanding notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us, upon expiration of the exchange offer, unless validly withdrawn.

Each broker-dealer receiving exchange notes for its own account in exchange for outstanding notes, where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Conditions to the Exchange Offer

The exchange offer is not conditioned upon the tender of any minimum principal amount of outstanding notes. Notwithstanding any other provision of the exchange offer, or any extension of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any outstanding notes and may terminate or amend the exchange offer, by oral (promptly confirmed in writing) or written notice to the

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exchange agent or by a timely press release, if at any time before the expiration of the exchange offer, any of the following conditions exist:

any action or proceeding is instituted or threatened in any court or by or before any governmental agency challenging the exchange offer or that we believe might be expected to prohibit or materially impair our ability to proceed with the exchange offer;

any stop order is threatened or in effect with respect to either (1) the registration statement of which this prospectus forms a part or (2) the qualification of the Indenture governing the notes under the Trust Indenture Act of 1939, as amended;

any law, rule or regulation is enacted, adopted, proposed or interpreted that we believe might be expected to prohibit or impair our ability to proceed with the exchange offer or to materially impair the ability of holders generally to receive freely tradable exchange notes in the exchange offer. See Consequences of Failure to Exchange Outstanding Notes ;

any change or a development involving a prospective change in our business, properties, assets, liabilities, financial condition, operations or results of operations taken as a whole, that is or may be adverse to us;

any declaration of war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or the worsening of any such condition that existed at the time that we commence the exchange offer; or

we become aware of facts that, in our reasonable judgment, have or may have adverse significance with respect to the value of the outstanding notes or the exchange notes to be issued in the exchange offer.

Procedures for Tendering Outstanding Notes

To tender your outstanding notes in the exchange offer, you must comply with either of the following:

complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal, have the signature(s) on the letter of transmittal guaranteed if required by the letter of transmittal and mail or deliver such letter of transmittal or facsimile thereof to the exchange agent at the address set forth below under Exchange Agent prior to the expiration date; or

comply with DTC's Automated Tender Offer Program procedures described below.

In addition, you must comply with either of the following conditions:

the exchange agent must receive certificates for outstanding notes along with the letter of transmittal prior to the expiration date;

the exchange agent must receive a timely confirmation of book-entry transfer of outstanding notes into the exchange agent's account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent's message prior to the expiration date; or

you must comply with the guaranteed delivery procedures described below.

Your tender, if not withdrawn prior to the expiration date, constitutes an agreement between us and you upon the terms and subject to the conditions described in this prospectus and the letter of transmittal.

The method of delivery of outstanding notes, letters of transmittal and all other required documents to the exchange agent is at your election and risk. We recommend that instead of delivery by mail, you use an overnight or hand delivery service, properly insured. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent before the expiration date. You should not send letters of transmittal or certificates representing outstanding notes to us. You may request that your broker, dealer, commercial bank, trust company or nominee effect the above transactions for you.

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If you are a beneficial owner whose outstanding notes are held in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your outstanding notes, you should promptly instruct the registered holder to tender outstanding notes on your behalf. If you wish to tender the outstanding notes yourself, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either:

make appropriate arrangements to register ownership of the outstanding notes in your name; or

obtain a properly completed bond power from the registered holder of outstanding notes.

The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date. We are not responsible for any delays in any such transfer.

Signatures on the letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible guarantor institution within the meaning of Rule 17A(d)-15 under the Exchange Act, unless the outstanding notes surrendered for exchange are tendered:

by a registered holder of the outstanding notes who has not completed the box entitled Special Registration Instructions or Special Delivery Instructions on the letter of transmittal; or

for the account of an eligible guarantor institution.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed on the outstanding notes, such outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the letter of transmittal or any certificates representing outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should also so indicate when signing and, unless waived by us, they should also submit evidence satisfactory to us of their authority to so act.

Any financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance of the exchange by causing DTC to transfer the outstanding notes to the exchange agent in accordance with DTC's Automated Tender Offer Program procedures for transfer. DTC will then send an agent's message to the exchange agent. The term agent's message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that:

DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering outstanding notes that are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms of the letter of transmittal, or in the case of an agent's message relating to guaranteed delivery, that such participant has received and agrees to be bound by the notice of guaranteed delivery; and

we may enforce that agreement against such participant.

DTC is referred to herein as a book-entry transfer facility.

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Acceptance of Exchange Notes

In all cases, we will promptly issue exchange notes for outstanding notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at the book-entry transfer facility; and